



## **PRESS RELEASE – BARCLAYS BANK TO STOP SELLING PERSONAL LOANS**

**EMBARGOED UNTIL MARCH 20<sup>TH</sup> 2010**

The credit crunch has hit everyone involved in the global economy hard; and none more so than the millions of individuals who are struggling to make ends meet. Job losses, increases in energy prices and an unpredictable situation in the global financial industry are making it ever more difficult for people to plan for the future. There is a need for urgent and innovative ideas to help ease the burden on banking customers both in the UK and across the world.

That is why, starting in the Spring of 2010, Barclays Bank will no longer be offering loans to its personal customers: instead it will provide a range of sound, sensible advice designed to help them free themselves from financial hardship – advice that they can carry with them in whatever they do.

This may seem a perverse move from a bank that has historically been one of the world's largest lenders of money to individuals, but we believe it is time to give people back what we now realise has unethically been taken from them in the form of interest. Obviously we cannot pay back all that interest, but we can help our customers ensure they have far less need to borrow money in the future. We feel that in a financial climate that is sure to persist for some years to come, it is no longer acceptable to sell the idea that, somehow, borrowing money is the way out of financial hardship.

### **How will we make a profit?**

In the short term we will continue to provide lending services to businesses, and also invest our savers' money wisely. In addition, card credit facilities will remain, with a medium term plan to also phase out this service in favour of debit cards only. In the longer term we are aiming to become less profit motivated, in keeping with our ethical mindset, choosing instead to run "at cost" as far as is practicable. In a world where environmental issues are being increasingly linked with the consumption of goods and energy, there is a very strong case for economic growth to be curtailed, or even reversed, in order to reduce environmental damage.

This longer-term aspiration dovetails neatly with the decision to no longer offer personal loans, for it is undoubtedly true that the ready availability of money in the form of cash loans, credit cards and other debt instruments encourage individuals to spend more money: money that would not be available without such inducements.



### **Won't this cause hardship?**

On the contrary, this move is designed to ease financial hardship through a combination of withdrawing inducements to borrow and spend, and also providing sound, long-term advice to customers.

Barclays will be teaming up with a number of charities, well known for their work in dealing with the causes and effects of financial hardship; and also working closely with government agencies in order to provide the very best advice in terms of common sense use of money, reducing energy and other forms of consumption, and the availability of benefits for those most in need.

### **What about our competitors?**

We have no doubt that other lenders will, at least in the short term, continue to offer unnecessary loans to personal customers, and benefit from the interest they charge. Someone has to make the first move and, as a leader in the financial industry, we have decided to be that "someone". In time we hope our competitors will become our partners in this brave Debt Free Revolution. We also see many people turning to Barclays as savings customers who would like to bank with a more ethical organisation.

The Debt Free Revolution is starting, but cannot continue without your help: please publicise this brave and groundbreaking move from 20<sup>th</sup> March 2010, and encourage your readers, listeners and watchers to take part in the debate that will undoubtedly erupt.

Alan Davenport on behalf of Barclays Bank PLC.